<u>IN THE CLAIMS</u>

Please amend Claim 21 as indicated below. The following is a complete listing of the claims in this application, reflects all changes currently being made to the claims, and replaces all earlier versions and all earlier listings of the claims:

1. (Previously Presented) A method for securing a transaction utilizing a proximity integrated circuit (PIC) transaction device and a terminal system comprising:

determining a first terminal analysis result, at the terminal system, based at least in part on one of an authentication of the PIC transaction device using Offline Data Authentication (ODA), a transaction process restriction, and a merchant risk management factor, the first terminal analysis result indicating at least one of approving the transaction offline, approving the transaction online, and denying the transaction;

determining a first PIC analysis result, at the PIC transaction device, the first PIC analysis result indicating at least one of approving the transaction offline, approving the transaction online, and denying the transaction; and

if the terminal system receives a PIC issuer's response authorization during online authorization, determining a second terminal analysis result, at the terminal system, based at least in part on a predetermined rule and at least one of the first terminal analysis result and the first PIC analysis result, the second terminal analysis result indicating at least one of approving the transaction offline and denying the transaction.

2. (Previously Presented) A method of claim 1, wherein the authentication includes authenticating, offline, a portion of application data stored in the PIC.

3. (Previously Presented) A method of claim 1, comprising authorizing the transaction online.

4. (Previously Presented) A method of claim 1, comprising authorizing the transaction offline.

5. (Previously Presented) A method of claim 4, comprising authenticating a transaction device issuer online.

6. (Previously Presented) A method of claim 5, comprising authorizing the transaction by requesting application data from the PIC.

7. (Previously Presented) A method of claim 5, comprising receiving a response to a request for transaction device issuer authentication online, using the response to the request for authorization of the transaction device issuer as an input to the second terminal analysis result.

8. - 14. (Canceled)

15. (Previously Presented) A system for securing a transaction comprising:

a proximity integrated circuit (PIC) transaction device, the PIC transaction device being operable to determine a first PIC analysis result, the first PIC analysis result

indicating at least one of approving the transaction offline, approving the transaction online, and denying the transaction ; and

a terminal system in communication with the PIC transaction device, the terminal system being operable to:

determine a first terminal analysis result based at least in part on one of an authentication of the PIC transaction device using Offline Data Authentication (ODA), a transaction process restriction, and a merchant risk management factor, the first terminal analysis result indicating at least one of approving the transaction offline, approving the transaction online, and denying the transaction; and

determine a second terminal analysis result, if the terminal system receives a PIC issuer's response authorization during online authorization, based at least in part on a predetermined rule and at least one of the first terminal analysis result and the first PIC analysis result, the second terminal analysis result indicating at least one of approving the transaction offline and denying the transaction.

16. (Previously Presented) A system of claim 15, wherein said PIC transaction device is operable to provide a plurality of cryptogram applications, a plurality of issuer predetermined transaction processing rules, a issuer defined dataset for use in performing an issuer defined risk management analysis, and a plurality of transaction disposition cryptograms in response to a command dataset for use in communicating with said PIC transaction.

17. (Previously Presented) A system of claim 15, wherein said terminal system is operable to generate a merchant transaction disposition in accordance with a merchant risk management analysis performed by a merchant risk management application.

18. (Previously Presented) A system of claim 17, wherein said terminal system is operable to authenticate the PIC transaction device in response to receipt of at least one of a PIC transaction device cryptogram application, a issuer predetermined transaction processing rule, a issuer defined dataset for use in performing an issuer defined risk management analysis, and a transaction disposition cryptogram, and a merchant risk management analysis.

19. (Previously Presented) A system of claim 18, wherein said terminal system is operable to authorize the transaction in response to receipt of at least one of a PIC transaction device cryptogram application, a issuer predetermined transaction processing rule, a issuer defined dataset for use in performing an issuer defined risk management analysis, an issuer provided authentication cryptogram, and a transaction disposition cryptogram, and a merchant risk management analysis.

20. (Canceled)

21. (Currently Amended) A computer-readable storage medium having stored thereon sequences of instructions, the sequences of instructions including

instructions which when executed by a computer system causes the computer system to perform:

determining a first terminal analysis result, at a terminal system, based at least in part on one of an authentication of a PIC transaction device using Offline Data Authentication (ODA), a transaction process restriction, and a merchant risk management factor, the first terminal analysis result indicating at least one of approving the transaction offline, approving the transaction online, and denying the transaction;

determining a first PIC analysis result, at the PIC transaction device, the first PIC analysis result indicating at least one of approving the transaction offline, approving the transaction online, and denying the transaction; and

if the terminal system receives a PIC issuer's response authorization during online authorization, determining a second terminal analysis result, at the terminal system, based at least in part on a predetermined rule and at least one of the first terminal analysis result and the first PIC analysis result, the second terminal analysis result indicating at least one of approving the transaction offline and denying the transaction.